



United States General Accounting Office
Washington, DC 20548

July 26, 2002

The Honorable F. James Sensenbrenner, Jr.
Chairman, Committee on the Judiciary
House of Representatives

Subject: Federally Chartered Corporation: Review of the Financial Statement Audit Reports for the Civil Air Patrol for Fiscal Years 1999 and 1998

Dear Mr. Chairman:

As requested, we reviewed the audit reports covering the financial statements of the Civil Air Patrol, a federally chartered corporation, for the fiscal years ended September 30, 1999 and 1998. The purpose of the corporation is to encourage and foster civil aviation in local communities and to provide adequate facilities to assist in meeting local and national emergencies.

Federally chartered corporations are required under 36 U.S.C. §10101 to

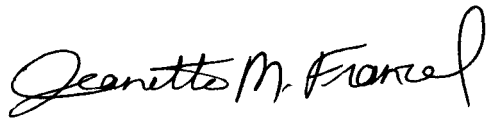
- present the corporation's assets and liabilities and reasonable detail on the corporation's income and expenses in annual financial statements,
- obtain an annual financial audit by an independent public accountant, and
- submit the auditors' report and the corporation's financial statements to the Congress.

The objective of our review was to determine whether the audit reports complied with the financial reporting requirements of the law. In carrying out our work, we reviewed the corporation's financial statements and the accompanying notes, performed certain analytical procedures related to information presented in the financial statements, and reviewed the auditors' reports. However, we did not review the auditors' working papers, and we are not rendering an audit opinion.

The audit report for fiscal year 1999 included the auditors' opinion that with one exception, the financial statements of the corporation were presented fairly in accordance with U. S. generally accepted accounting principles. The exception related to units below wing level not being audited and not being included in these financial statements. The auditor disclaimed an opinion for fiscal year 1998 because the effect of a pending Air Force investigation was not determinable upon the financial statements. The exception and the investigation are discussed in detail in the notes to the financial statements and in the auditors' reports for these years.

We are returning the audit reports you sent with your letter.

Sincerely yours,

A handwritten signature in black ink, reading "Jeanette M. Franzel". The signature is written in a cursive style with a large, looped initial "J".

Jeanette M. Franzel
Director
Financial Management and Assurance

w/o Enclosures

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